

Ujjivan Small Finance Bank Ltd

Issue Details	
Issue Opens	2-Dec-19
Issue Closes	4-Dec-19
Issue Size (Rs. Crore)	750
Face value (per equity share)	10
Price Band (Rs.)	36-37
Lot Size (No of Share)	400
No of Shares on Offer (crore)	191.2
QIB (%)	75%
Non-Institutional (%)	15%
Retail (%)	10%
Commencement of Trading	12-Dec-19

Issue Date: 2nd Dec - 4th Dec 2019

Price Band (Rs.): 36 - 37

Lot Size (No. of Share): 400

Company Background

Incorporated in 2017, Ujjivan Small Finance Bank Limited (USFB) offers small finance to underserved & unserved segments in India. USFB Bank is promoted by Ujjivan Financial Services Limited (UFSL). SFB started its operations by the name UFSL in 2005 with NBFC business and got approval from RBI in 2015 to establish an SFB. USFB has a wide presence across 24 states and union territories in India. As on 30 June 2019, it has 4.72 million customers, 474 Banking Outlets, 387 ATMs, two 24/7 phone banking units (in Bengaluru and Pune) and 50 additionally operated Asset Centres. Customers can use USFB mobile banking application in 5 languages.

Financials

Particulars	For the year/period ended (in Rs. Crores)			
	Jun'19	FY19	FY18	FY17
Total Revenue	705.5	2,037.6	1,579.4	223.9
Profit After Tax	212.8	199.2	6.9	0.035

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	100.00	X
Public (incl institutions and employees)	X	X
Total	100.0	100.0

Concerns

- Non-performing assets are the key factor.
- Major business depends on micro banking segment, particularly through group loans. Any adverse developments in this segment could adversely affect Ujjivan Bank business.
- Major banking outlets are in southern and eastern states of India, particularly, Karnataka, Tamil Nadu, and West Bengal. Any regional political and economic change can adversely impact the Ujjivan Bank business.

Strengths

- Diversify product offerings.
- Multiple Delivery Channels and Customer centric business model.
- AN India Presence - 24 states and UT cover 221 districts in India with 474 Banking Outlets.
- Advance Digital Platform and Technology driven company.
- Robust risk management framework.

Our View

Bank's revenues and net profit has grown consistently over the last 3 years. Its IPO is reasonably priced, and Bank future prospects are looking good. At the upper price band the price/book value ratio is 2.67 which is very attractive among its peers, the 6M19-20 Return on Net Worth is 9.39 %. **Our view is that the IPO is priced reasonably and investor should subscribe this IPO for long-term price appreciation.**

Objects of the Issue

USFB proposes to utilize the Net Proceeds from the Issue towards following objects:

1. Augmenting the Bank's Tier - 1 capital base to meet our Bank's future capital requirements
2. Meeting the expenses in relation to the Issue
3. Receive the benefits of listing the Equity Shares on the Stock Exchanges